

FOSTER TOWNSHIP
OGEMAW COUNTY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name FOSTER TOWNSHIP	County OGE MAW
Audit Date 3/31/04	Opinion Date 8/9/04	Date Accountant Report Submitted to State: 9/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

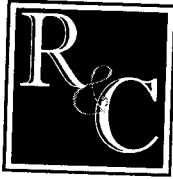
We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) ROBERTSON & CARPENTER, CPAs, LLP			
Street Address 103 E MAIN STREET, PO BOX 69		City ROSE CITY	State MI
Accountant Signature <i>Robertson & Carpenter, CPAs, LLP</i>		ZIP 48654	Date 9/15/04

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INDEPENDENT AUDITOR'S REPORT

August 9, 2004

Township Board
Foster Township
Ogemaw County, Michigan

We have audited the accompanying general purpose financial statements of Foster Township, Ogemaw County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Foster Township, Ogemaw County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Board
Foster Township
Ogemaw County, Michigan

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2004, on our consideration of Foster Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson & Carpenter, CPAs, LLP

FOSTER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CURRENT TAX</u>
ASSETS			
Cash	\$ 72,751	\$ 56,510	\$ -
Receivables - taxes	2,691	-	-
Receivables-other	150	-	-
Due from U.S. Department of Interior	155	-	-
Due from State of Michigan	7,449	-	-
Land and improvements	-	-	-
Building	-	-	-
Equipment	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	\$ <u>83,196</u>	\$ <u>56,510</u>	\$ <u>0</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 2,248	\$ 874	\$ -
Payroll deductions and taxes	1,136	231	-
Installment purchase agreement	-	-	-
Total liabilities	<u>3,384</u>	<u>1,105</u>	<u>-</u>
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balance			
Unreserved	<u>79,812</u>	<u>55,405</u>	<u>-</u>
Total fund equity	<u>79,812</u>	<u>55,405</u>	<u>-</u>
Total liabilities and fund equity	\$ <u>83,196</u>	\$ <u>56,510</u>	\$ <u>0</u>

See accompanying notes

ACCOUNT GROUPS

<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
---------------------------------	-----------------------------------	------------------------------------

\$ -	\$ -	\$ 129,261
-	-	2,691
-	-	150
-	-	155
-	-	7,449
50,783	-	50,783
121,178	-	121,178
500,556	-	500,556
-	104,647	104,647
\$ <u>672,517</u>	\$ <u>104,647</u>	\$ <u>916,870</u>

\$ -	\$ -	\$ 3,122
-	-	1,367
-	104,647	104,647
-	104,647	109,136
672,517	-	672,517
-	-	135,217
672,517	-	807,734
\$ <u>672,517</u>	\$ <u>104,647</u>	\$ <u>916,870</u>

FOSTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		TOTAL (MEMORANDUM ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	
REVENUES:			
Taxes	\$ 70,339	\$ -	\$ 70,339
Federal grants	148	4,893	5,041
State grants	54,850	-	54,850
Charges for services	16,413	3,560	19,973
Interest and rent	551	459	1,010
Reimbursements	4,879	-	4,879
Miscellaneous	967	418	1,385
Total revenues	<u>148,147</u>	<u>9,330</u>	<u>157,477</u>
EXPENDITURES:			
Current:			
Legislative	9,964	-	9,964
General government	55,231	-	55,231
Public safety	-	15,368	15,368
Public works	41,509	378	41,887
Recreation	1,473	-	1,473
Capital outlay	5,201	24,402	29,603
Debt Service			
Principal	8,416	-	8,416
Interest	7,240	-	7,240
Total expenditures	<u>129,034</u>	<u>40,148</u>	<u>169,182</u>
Excess (deficiency) of revenues over expenditures	19,113	(30,818)	(11,705)
OTHER FINANCING SOURCES (USES):			
Operating transfers in (out)	<u>(21,671)</u>	<u>21,671</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,558)	(9,147)	(11,705)
FUND BALANCES - APRIL 1	<u>82,370</u>	<u>64,552</u>	<u>146,922</u>
FUND BALANCES - MARCH 31	\$ <u>79,812</u>	\$ <u>55,405</u>	\$ <u>135,217</u>

See accompanying notes

FOSTER TOWNSHIP
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>		VARIANCE FAVORABLE (UNFAVORABLE)
	<u>BUDGET</u>	<u>ACTUAL</u>	
REVENUES:			
Taxes	\$ 68,341	\$ 70,339	\$ 1,998
Federal grants	164	148	(16)
State grants	50,000	54,850	4,850
Charges for services	17,507	16,413	(1,094)
Interest and rents	750	551	(199)
Reimbursements	650	4,879	4,229
Miscellaneous	150	967	817
Total revenues	<u>137,562</u>	<u>148,147</u>	<u>10,585</u>
EXPENDITURES:			
Current:			
Legislative	9,390	9,964	(574)
General government	61,174	55,231	5,943
Public safety	-	-	-
Public works	40,775	41,509	(734)
Recreation and culture	6,139	1,473	4,666
Capital outlay	1,359	5,201	(3,842)
Debt service:			
Principal	7,434	8,416	(982)
Interest	8,222	7,240	982
Total expenditures	<u>134,493</u>	<u>129,034</u>	<u>5,459</u>
Excess (deficiency) of revenues over expenditures	3,069	19,113	16,044
OTHER FINANCING SOURCES (USES):			
Operating transfers in (out)	<u>(35,969)</u>	<u>(21,671)</u>	<u>14,298</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(32,900)	(2,558)	30,342
FUND BALANCES - APRIL 1	<u>88,715</u>	<u>82,370</u>	<u>(6,345)</u>
FUND BALANCES - MARCH 31	\$ <u>55,815</u>	\$ <u>79,812</u>	\$ <u>23,997</u>

See accompanying notes

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ -	\$ -	\$ -
15,850	4,893	(10,957)
-	-	-
-	3,560	3,560
440	459	19
-	418	418
<u>16,290</u>	<u>9,330</u>	<u>(6,960)</u>
-	-	-
-	-	-
17,090	15,368	1,722
-	378	(378)
14,600	-	14,600
31,841	24,402	7,439
-	-	-
-	-	-
-	-	-
<u>63,531</u>	<u>40,148</u>	<u>23,383</u>
(47,241)	(30,818)	16,423
<u>-</u>	<u>21,671</u>	<u>21,671</u>
(47,241)	(9,147)	38,094
<u>77,926</u>	<u>64,552</u>	<u>(13,374)</u>
\$ <u><u>30,685</u></u>	\$ <u><u>55,405</u></u>	\$ <u><u>24,720</u></u>

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Foster Township conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Foster Township.

A. REPORTING ENTITY

Foster Township is governed by an elected five-member board. As required by GAAP, these financial statements present Foster Township and its component units. In evaluating how to define Foster Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity."*

In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

B. BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of Foster Township are recorded in separate funds and account groups, categorized and described as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State aid, and charges for services to provide for the administration and operation of the general Township governmental departments. The fund includes the general operating expenditures of the Foster Township.

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - These fund are used to account for specific revenue (other than expendable trust or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as directed by legal, regulatory or administrative requirements, and include the Road Fund, Fire Truck Fund, Parks & Recreation Fund and Memorial Fund.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds, composed of the Current Tax Collection Fund.

ACCOUNT GROUPS

General Fixed Asset Account Group - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used on the general operations of the Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, curbs, and gutters are not capitalized.

General Long-Term Debt - This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary and trust funds.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund types (General Fund) use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. The agency funds also use the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. An exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foster Township applies all GASB pronouncements when required, as well as FASB pronouncements unless those pronouncements conflict with or contradict GASB pronouncements.

Property Taxes

Foster Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Foster Township as of the preceding December 31st. Collection dates are December 1st through February 14th, after which the taxes are deemed to be delinquent. Taxes are recorded as revenue when they become available and measurable.

The 2003 taxable valuation of Foster Township totaled \$ 33,718,951, on which ad valorem taxes levied consisted of .8387 mills for Foster Township operating purposes. This amount is recognized in the General Fund as revenue.

Total Column on Combined Statements- Overview

The total column on the combined Statements - Overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2 - LEGAL COMPLIANCE

Budget Information

The annual budget is prepared by Foster Township management and adopted by the Township Board; subsequent amendments, if any, are approved by the Township Board. The annual operating budget has generally been prepared in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. During the year, the budget was amended in a legally permissible manner.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Foster Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of Foster Township for these budgeted funds were adopted to the activity level.

During the year, Foster Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>FUND AND ACTIVITY</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General Fund:			
Legislative	\$ 9,390	\$ 9,964	\$ (574)
Assessor	12,791	12,802	(11)
Cemetery	3,964	4,156	(192)
Public Works:			-
Sanitation	28,125	29,198	(1,073)
Capital outlay	1,359	5,201	(3,842)
Debt Service:			
Principal	7,434	8,416	(982)

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Foster Township's deposits are presented on the balance sheet under the following categories:
Foster Township did not have any investments to be classified as to risk at year end.

Cash and Cash Equivalents	\$ 129,261
Total	<u>\$ 129,261</u>

The above amounts are classified by GASB Statement No. 3 in the following categories:

Bank Deposits (Checking Accounts and Savings Accounts)	\$ 129,261
Total	<u>\$ 129,261</u>

Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Foster Township Board has designated one banks for deposit of Foster Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township of Foster's deposits and investments are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for cash deposits are as follows:

	CARRYING AMOUNTS
Total Deposits	<u>\$ 128,973</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

<u>DEPOSITS</u>	<u>BANK BALANCES</u>
Insured (FDIC)	\$ 128,973
Uninsured and Uncollateralized	-
Total	<u>\$ 128,973</u>

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 4- RISK MANAGEMENT

Foster Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last 3 fiscal years.

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

	Balance- April 1, 2003	Additions	Deletions	Balance- March 31, 2004
Land and improvements	\$ 50,783	\$ -	\$ -	\$ 50,783
Buildings and improvements	113,738	7,440	-	121,178
Equipment	481,185	22,163	2,792	500,556
Total	<u>\$ 645,706</u>	<u>\$ 29,603</u>	<u>\$ 2,792</u>	<u>\$ 672,517</u>

Fixed assets are recorded as expenditures in the general fund at the time of purchase. These assets are capitalized at cost in a general Fixed Asset Group of Accounts.

NOTE 6 - LONG-TERM DEBT

The individual fund long-term debt of Foster Township, and the changes therein, may be summarized as follows:

<u>GENERAL LONG-TERM DEBT</u>	<u>April 1, 2003</u>	<u>Additions (Reductions)</u>	<u>March 31, 2004</u>
<u>ACCOUNT GROUP</u>			
Fire truck installment purchase agreement dated April 1, 2001 with equal monthly installments of \$15,656 and an interest rate of 5.96% payable to Kansas State Bank.	\$ 113,064	\$ 8,417	\$ 104,647

FOSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 6 - LONG TERM DEBT (Continued)

The annual principal and interest requirements through maturity for all bonded debts outstanding as of March 31, 2004 are as follows:

	YEAR ENDED MARCH 31,	PRINCIPAL	INTEREST
	2005	\$ 8,956	\$ 6,701
	2006	9,529	6,127
	2007	10,139	5,517
	2008	10,789	4,868
	2009	11,479	4,177
	2010	12,215	3,442
	2011	12,997	2,660
	2012	13,829	1,828
	2013	14,714	942
Total		<u>\$ 104,647</u>	<u>\$ 36,262</u>

FOSTER TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	<u>ROAD</u>	<u>FIRE</u>	<u>PARKS & RECREATION</u>	<u>TOTAL</u>
ASSETS				
Cash	\$ <u>34,149</u>	\$ <u>4,199</u>	\$ <u>18,162</u>	\$ <u>56,510</u>
Total assets	\$ <u><u>34,149</u></u>	\$ <u><u>4,199</u></u>	\$ <u><u>18,162</u></u>	\$ <u><u>56,510</u></u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	-	874	-	874
Payroll deductions and taxes	-	231	-	231
Total liabilities	-	<u>1,105</u>	-	<u>1,105</u>
Fund equity:				
Fund balances - unreserved	\$ <u>34,149</u>	\$ <u>3,094</u>	\$ <u>18,162</u>	\$ <u>55,405</u>
Total fund balances	\$ <u><u>34,149</u></u>	\$ <u><u>4,199</u></u>	\$ <u><u>18,162</u></u>	\$ <u><u>56,510</u></u>

FOSTER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ROAD</u>	<u>FIRE</u>	<u>PARKS & RECREATION</u>	<u>TOTAL</u>
REVENUES:				
Federal grants	\$ -	\$ 4,893	\$ -	\$ 4,893
Charge for service	-	3,560	-	3,560
Interest earnings	195	94	170	459
Miscellaneous	-	18	400	418
Total	<u>195</u>	<u>8,565</u>	<u>570</u>	<u>9,330</u>
EXPENDITURES				
Current:				
Public safety	-	15,368	-	15,368
Public works	-	-	378	378
Capital outlay	-	11,774	12,628	24,402
Total	<u>-</u>	<u>27,142</u>	<u>13,006</u>	<u>40,148</u>
Excess (deficiency) of revenues over expenditures	195	(18,577)	(12,436)	(30,818)
OTHER FINANCING SOURCES				
Operating transfers in	<u>-</u>	<u>21,671</u>	<u>-</u>	<u>21,671</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	195	3,094	(12,436)	(9,147)
FUND BALANCE - APRIL 1	<u>33,954</u>	<u>-</u>	<u>30,598</u>	<u>64,552</u>
FUND BALANCE - MARCH 31	<u>\$ 34,149</u>	<u>\$ 3,094</u>	<u>\$ 18,162</u>	<u>\$ 55,405</u>

FOSTER TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND

	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2004</u>
ASSETS:				
Cash	\$ 702	\$ 941,009	\$ 941,711	\$ -
Total assets	\$ 702	\$ 941,009	\$ 941,711	\$ 0
 LIABILITIES:				
Due to other funds	\$ 702	\$ 25,172	\$ 25,874	\$ -
Due to county	-	395,562	395,562	-
Due to COOR ISD	-	27,812	27,812	-
Due to Kirtland College	-	71,103	71,103	-
Due to Schools	-	417,852	417,852	-
Refunds	-	3,508	3,508	-
Total liabilities	\$ 702	\$ 941,009	\$ 941,711	\$ 0

FOSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Interest earnings	\$ <u>340</u>	\$ <u>195</u>	\$ <u>(145)</u>
EXPENDITURES:			
Public works:			
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	340	195	(145)
OTHER FINANCING SOURCES:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	340	195	(145)
FUND BALANCE - APRIL 1	<u>33,934</u>	<u>33,954</u>	<u>20</u>
FUND BALANCE - MARCH 31	\$ <u><u>34,274</u></u>	\$ <u><u>34,149</u></u>	\$ <u><u>(125)</u></u>

FOSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Federal grant	\$	\$ 4,893	\$ (4,893)
Charge for service		3,560	(3,560)
Interest earnings		94	(94)
Miscellaneous		18	18
Total	<u>-</u>	<u>8,565</u>	<u>(8,565)</u>
EXPENDITURES:			
Current:			
Public safety	17,090	15,368	1,722
Capital outlay	<u>31,441</u>	<u>11,774</u>	<u>19,667</u>
Total	<u>48,531</u>	<u>27,142</u>	<u>21,389</u>
Excess of revenues over expenditures	(48,531)	(18,577)	29,954
OTHER FINANCING SOURCES:			
Operating transfers in	<u>35,137</u>	<u>21,671</u>	<u>(13,466)</u>
Excess of revenues and other financing sources over expenditures	(13,394)	3,094	16,488
FUND BALANCE - APRIL 1	<u>13,394</u>	<u>-</u>	<u>(13,394)</u>
FUND BALANCE - MARCH 31	\$ <u>0</u>	\$ <u>3,094</u>	\$ <u>3,094</u>

FOSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS & RECREATION FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Interest earnings	\$ 100	\$ 170	\$ 70
Miscellaneous	-	400	400
Total	<u>100</u>	<u>570</u>	<u>470</u>
EXPENDITURES:			
Current:			
Recreation	400	378	22
Capital outlay	<u>14,600</u>	<u>12,628</u>	<u>1,972</u>
Total	<u>15,000</u>	<u>13,006</u>	<u>1,994</u>
Excess of revenues over expenditures	(14,900)	(12,436)	2,464
OTHER FINANCING SOURCES:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other financing sources over expenditures	(14,900)	(12,436)	2,464
FUND BALANCE - APRIL 1	<u>30,598</u>	<u>30,598</u>	<u>-</u>
FUND BALANCE - MARCH 31	\$ <u>15,698</u>	\$ <u>18,162</u>	\$ <u>2,464</u>

FOSTER TOWNSHIP
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE: CURRENT:			VARIANCE FAVORABLE (UNFAVORABLE)
TOWNSHIP BOARD	<u>BUDGET</u>	<u>ACTUAL</u>	
Salaries		\$ 2,604	
Supplies		555	
Contractual services		4,047	
Dues		635	
Payroll taxes		2,062	
Miscellaneous		61	
Total legislative	<u>9,390</u>	<u>9,964</u>	<u>(574)</u>
GENERAL GOVERNMENT:			
SUPERVISOR			
Salary		5,398	
Supplies		25	
Seminars		446	
Transportation		556	
Total	<u>6,470</u>	<u>6,425</u>	<u>45</u>
ELECTIONS			
Wages		840	
Supplies		175	
Transportation		11	
Total	<u>2,810</u>	<u>1,026</u>	<u>1,784</u>
ASSESSOR			
Contractual services		12,383	
Supplies		132	
Communications		2	
Transportation		277	
Miscellaneous		8	
Total	<u>12,791</u>	<u>12,802</u>	<u>(11)</u>

FOSTER TOWNSHIP
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT (continued)			
CLERK			
Salary		5,083	
Deputy - wages		500	
Supplies		110	
Contractual services		259	
Transportation		21	
Total	<u>6,650</u>	<u>5,973</u>	<u>677</u>
BOARD OF REVIEW			
Salaries and wages		805	
Printing and publishing		74	
Supplies		25	
Total	<u>1,305</u>	<u>904</u>	<u>401</u>
TREASURER			
Salaries and wages		7,048	
Deputy - wages		1,000	
Supplies		3,593	
Contractual services		259	
Seminars		140	
Transportation		50	
Miscellaneous		6	
Total	<u>12,433</u>	<u>12,096</u>	<u>337</u>
TOWNSHIP HALL			
Salaries and wages		747	
Supplies		974	
Professional services		615	
Contractual services		1,350	
Communications		490	
Utilities		2,060	
Repairs and maintenance		110	
Miscellaneous		25	
Total	<u>8,751</u>	<u>6,371</u>	<u>2,380</u>

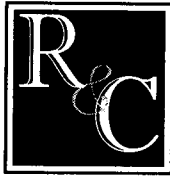
FOSTER TOWNSHIP
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT (continued)			
CEMETERY			
Wages		1,975	
Contractual services		1,600	
Supplies		428	
Transportation		87	
Maintenance		66	
Total	<u>3,964</u>	<u>4,156</u>	<u>(192)</u>
INSURANCE	<u>6,000</u>	<u>5,478</u>	<u>522</u>
Total general government	<u>61,174</u>	<u>55,231</u>	<u>5,943</u>
PUBLIC WORKS:			
HIGHWAYS AND STREETS			
Street lighting		5,909	
Road maintenance		6,402	
Total	<u>12,650</u>	<u>12,311</u>	<u>339</u>
SANITATION			
Wages		8,036	
Supplies		213	
Contractual services		20,710	
Gas and oil		96	
Printing & publishing		48	
Maintenance		95	
Total	<u>28,125</u>	<u>29,198</u>	<u>(1,073)</u>
Total public works	<u>40,775</u>	<u>41,509</u>	<u>(734)</u>
RECREATION AND CULTURE:			
PARKS			
Salaries		1,010	
Supplies		22	
Gas & oil		25	
Utilities		76	
Maintenance		95	
Total	<u>1,331</u>	<u>1,228</u>	<u>103</u>

FOSTER TOWNSHIP
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
RECREATION AND CULTURE (continued):			
LIBRARY			
Annual contract		245	
Total	<u>4,808</u>	<u>245</u>	<u>4,563</u>
Total recreation and culture	<u>6,139</u>	<u>1,473</u>	<u>4,666</u>
CAPITAL OUTLAY	<u>1,359</u>	<u>5,201</u>	<u>(3,842)</u>
DEBT SERVICE			
Principal	7,434	8,416	(982)
Interest	<u>8,222</u>	<u>7,240</u>	<u>982</u>
Total debt service	<u>15,656</u>	<u>15,656</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>134,493</u>	\$ <u>129,034</u>	\$ <u>5,459</u>

APPENDIX



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 9, 2004

Township Board
Foster Township
Ogemaw County, Michigan

We have audited the general purpose financial statements of Foster Township as of and for the year ended March 31, 2004, and have issued our report thereon dated August 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether Foster Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Foster Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Township Board, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter, CPAs, LLP